

# **The Department of Housing and Urban Development: FY2008 Appropriations**

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## Summary

On February 5, 2007, President Bush released his FY2008 budget request, ten days before the Congress finished work on the FY2007 spending bills by approving a revised year-long continuing resolution (P.L. 110-5). The FY2007 CR funded most Department of Housing and Urban Development (HUD) programs at their FY2006 level, but with decreases for some programs, and increases for other programs. The CR provided HUD with over \$36.6 billion for FY2007.

The President's FY2008 budget requested about a billion dollar decrease in funding for HUD. It proposed to provide no new funding for several programs that have been targeted for elimination in recent years, but that Congress has continued to fund (HOPE VI, Rural Housing and Economic Development, Brownfields Redevelopment, and Section 108 Loan Guarantees). The President's FY2008 budget also requested decreased funding for several programs, including housing programs for the elderly and disabled, fair housing and lead paint programs, public housing modernization, and the Community Development Block Grant (CDBG) program. Each of these programs had been targeted for decreases in past budget requests, but Congress had not approved the requested decreases. The President's budget requested funding increases for several programs, including public housing operating costs and programs for the homeless, persons with AIDS, and first-time homebuyers. The FY2008 funding debate was also shaped by the ongoing decline in receipts from the Federal Housing Administration (FHA) available to offset the cost of the budget. For FY2007, it was estimated that FHA would generate a net surplus of over \$650 million; for FY2008, that amount was estimated to be about \$250 million.

On July 18, 2007, the House Appropriations Committee reported its version of the FY2008 HUD funding bill (H.R. 3074). On July 16, 2007, the Senate Appropriations Committee reported its version (S. 1789). Both bills would have increased funding above the President's request for Section 8 vouchers, HOPE VI, housing programs for the elderly and disabled, and CDBG. On July 24, 2007, the House approved H.R. 3074, and on September 12, 2007, the Senate approved its substitute version. On November 14, 2007, the House approved a conference agreement that would have funded HUD at about \$3 billion above the President's request (H.Rept. 110-446). In a Statement of Administration Policy, the President indicated that he would veto the agreement, and the Senate never considered it. Instead, on December 19, 2007, Congress approved the FY2008 Consolidated Appropriations Act (attached to H.R. 2764), which funds HUD at a lower level than the House bill, Senate bill, and conference agreement, but at a level about \$2 billion above the President's request. The President signed the bill into law on December 26, 2007 (P.L. 110-161), ending a series of continuing resolutions that had funded most agencies at their prior-year level since the end of the 2007 fiscal year.

This report tracks the FY2008 congressional appropriations process and provides a detailed discussion of the funding and issues related to the majority of accounts in HUD's budget. Following completion of the FY2008 appropriations process, this report will not be updated.

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## Most Recent Developments

### **FY2008 Consolidated Appropriations Act Approved**

On December 19, 2007, Congress enacted the FY2008 Consolidated Appropriations Act (attached to H.R. 2764), to fund most of the federal government, including HUD, for the remainder of the fiscal year. The overall HUD funding level provided in the Consolidated Appropriations Act is less than originally approved by either the House, Senate, or a House-Senate conference committee, but is about \$2 billion higher than the President's request. It funds most HUD programs at the levels provided in the conference agreement (H.Rept. 110-446), although it reduces funding for some programs, including the HOPE VI program, the HOME program, and the Community Development Block Grant program. It also reduces funding for HUD's Research and Technology, Working Capital, and Management Expenses accounts. Additionally, the bill contains a rescission of over \$720 million in advance appropriations for the Section 8 voucher program. The bill was signed into law by the President on December 26, 2007 (P.L. 110-161).

### **Continuing Resolution**

None of the FY2008 appropriations bills were enacted before the start of the fiscal year. On September 27, 2007, Congress approved a continuing resolution (CR) funding most programs at their FY2007 funding levels through November 16, 2007 (P.L. 110-92). A second CR, which continued funding through December 14, 2007, was attached to the FY2008 Defense appropriations conference agreement and approved by Congress on November 8, 2007 (P.L. 110-116). The second CR also included \$3 billion in additional emergency supplemental Community Development Block Grant (CDBG) funds for Louisiana's Hurricane Katrina recovery program, called the Road Home. A third CR (P.L. 110-137) provided funding through December 21, 2007, and a fourth CR (H.J.Res. 72) was slated to expire at the earlier of December 31, 2007, or the date the President signed the FY2008 Consolidated Appropriations Act (discussed above).

### **Conference Agreement Reached**

On November 8, 2007, House and Senate conferees agreed to an FY2008 Transportation-HUD funding bill (H.Rept. 110-446). The conference agreement would have provided \$38.66 billion for HUD. It was approved by the House on November 14, 2007; it was never considered by the Senate. The President, in a Statement of Administration Policy, indicated that if the bill had been sent to him, he would have vetoed it because its funding level exceeded his request.

## Introduction to the Department of Housing and Urban Development (HUD)

Most of the funding for the activities of the Department of Housing and Urban Development (HUD) comes from discretionary appropriations provided each year in the annual appropriations acts enacted by Congress. HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs. These include several programs of rental assistance for the poor, elderly, or disabled. Three rental assistance programs—Public Housing, Section 8 Vouchers, and Section 8 project-based rental assistance—account for the majority of the Department's funding (nearly 75% in FY2007). Two flexible block grant programs, HOME and Community Development Block Grants, help communities finance a variety of housing and community development activities designed to serve low-income

families. Other, more specialized, block grants help communities meet the needs of homeless persons, including those with AIDS. In recent years, HUD has also focused more attention on efforts to increase the homeownership rates for lower-income and minority households with programs providing funding for downpayment assistance and housing counseling.

HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to lower-income home buyers, many with below-average credit records, and to developers of multifamily rental buildings containing relatively affordable units. FHA collects fees from insured borrowers, which are used to sustain the insurance fund and offset its administrative costs. Surplus FHA funds are used to offset the cost of the HUD budget.

**Table I. Department of Housing and Urban Development Appropriations, FY2003-FY2007**

(net budget authority in billions)

FY2003	FY2004	FY2005	FY2006	FY2007
\$31.01	\$31.20	\$31.92	\$50.68 <sup>a</sup>	\$36.63

**Source:** Figures are from the House Appropriations Committee funding tables. Final appropriations levels for any fiscal year include all supplemental appropriations or rescissions. They do not reflect revised estimates of offsetting receipts.

- a. Figure includes \$17.1 billion (\$11.9 billion in P.L. 109-148 and \$5.2 billion in P.L. 109-234) in emergency supplemental appropriations enacted in response to the 2005 Hurricanes. Regular FY2006 HUD appropriations totaled just under \$33.6 billion.

## FY2007 Appropriations

Congress did not complete most FY2007 appropriations bills before the beginning of the fiscal year or before the close of the 109<sup>th</sup> Congress, when the party control of Congress changed. In order to keep the government running, the 109<sup>th</sup> Congress approved a series of stop gap funding measures, called continuing resolutions, that maintained government funding at the lower of the FY2006 enacted, House-passed, or Senate-passed level. On February 15, 2007, the 110<sup>th</sup> Congress approved a revised continuing resolution covering the remainder of FY2007 (P.L. 110-5). It funded most programs at their FY2006 level, although it specified higher or lower funding levels for some programs, including several HUD programs. Specifically, the CR funded six HUD accounts above their FY2006 level:

- Tenant Based Rental Assistance: \$15,920 million for FY2007;
- Project-Based Rental Assistance: \$5,976 million for FY2007;
- Public Housing Operating Fund: \$3,864 million for FY2007;
- Indian Housing Loan Guarantee: \$6 million for FY2007;
- Homeless Assistance Grants: \$1,442 million for FY2007; and
- Salaries and Expenses: the FY2006 levels, plus such sums as necessary to meet 50% of the need for cost-of-living increases for federal employees for FY2007.

The CR funded three HUD accounts below their FY2006 level:

- Self Help and Assisted Homeownership: \$49 million for FY2007;
- Research and Technology: \$50 million for FY2007; and
- Community Development Fund: \$3,772 million for FY2007.

The 110<sup>th</sup> Congress approved an FY2007 supplemental funding bill that made several changes to the FY2007 CR. The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Act (P.L. 110-28) provided additional funding for HUD's Inspector General in order to oversee Hurricane Katrina funding, additional funding for the Office of Federal Housing Enterprise Oversight, language clarifying how the Department should distribute FY2007 Section 8 voucher funding, language extending the availability of Katrina voucher funds, and language clarifying how HUD should treat the renewal of certain project-based voucher contracts. (For more details on the FY2007 budget for HUD, see CRS Report RL33344, *The Department of Housing and Urban Development: FY2007 Budget*, by Maggie McCarty et al.)

## The FY2008 Appropriations

**Table 2** presents the President's FY2008 HUD budget request compared to the prior year's appropriations, as well as House and Senate measures, and the final, enacted funding law.

**Table 2. Appropriations: Housing and Urban Development, FY2007-FY2008**

(budget authority in billions of dollars)

Program	FY2007 Enacted <sup>d</sup>	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Conf. <sup>m</sup>	FY2008 Enacted <sup>p</sup>
<b>Appropriations</b>						
Tenant-Based Rental Assistance (Sec. 8 vouchers; includes advance appropriations)	15.920	16.000	16.330	16.599	16.443	16.391 <sup>q</sup>
Project-Based Rental Assistance (Sec.8)	5.976	5.813	6.480	5.813	6.382	6.382
Public housing capital fund	2.439	2.024	2.439	2.500	2.439	2.439
Public housing operating fund	3.864	4.000	4.200	4.200	4.200	4.200
HOPE VI	0.099	0.000 <sup>h</sup>	0.120	0.100	0.120	0.100
Native American housing block grants	0.624	0.627	0.627	0.630	0.630	0.630
Indian housing loan guarantee	0.006	0.007	0.007	0.007	0.007	0.007
Native Hawaiian Block Grant	0.009	0.006	0.009	0.009	0.009	0.009
Native Hawaiian loan guarantee	0.001	0.001	0.001	0.001	0.001	0.001
Housing, persons with AIDS (HOPWA)	0.286	0.300	0.300	0.300	0.300	0.300
Rural Housing Economic Development	0.017	0.000	0.017	0.017	0.017	0.017
Community Development Fund (Including CDBG)	3.772	3.037	4.180	4.060	4.000	3.866
Sec. 108 loan guarantee; subsidy	0.004	0.000	0.004	0.006	0.005	0.005
Brownfields redevelopment	0.010	0.000	0.010	0.010	0.010	0.010
HOME Investment Partnerships <sup>a</sup>	1.757	1.967	1.764 <sup>k</sup>	1.970	1.767	1.704
Homeless Assistance Grants	1.442	1.586	1.561	1.586	1.586	1.586
Self-help and Assisted Homeownership	0.049	0.070	0.060	0.070	0.060	0.060

Program	FY2007 Enacted <sup>d</sup>	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Conf. <sup>m</sup>	FY2008 Enacted <sup>p</sup>
Housing for the elderly	0.735	0.575	0.735	0.735	0.735	0.735
Housing for the disabled	0.237	0.125	0.237	0.237	0.237	0.237
Housing Counseling Assistance <sup>a</sup>	a	0.050 <sup>a</sup>	a	a	a	a
Rental Housing Assistance	0.026	0.028 <sup>i</sup>	0.028 <sup>i</sup>	0.028 <sup>i</sup>	0.028 <sup>i</sup>	0.028 <sup>i</sup>
Research and technology	0.050	0.065	0.058	0.061	0.061	0.051
Fair housing activities	0.046	0.045	0.046	0.052	0.050	0.050
Lead Hazard Control	0.150	0.116	0.130	0.157	0.145	0.145
Salaries and expenses	0.581 <sup>e</sup>	0.654	0.643	1.206 <sup>i</sup>	1.222 <sup>n</sup>	1.212 <sup>n</sup>
Working capital fund	0.195	0.220	0.125	0.173	0.155	0.155
Manufactured Housing Fees Trust Fund <sup>b</sup>	0.013	0.016	0.016	0.016	0.016	0.016
Office of Federal Housing Enterprise Oversight <sup>b</sup>	0.066 <sup>f</sup>	0.066	0.066	0.066	0.066	0.066
FHA Expenses <sup>b</sup>	0.722	0.767	0.745	0.169 <sup>i</sup>	0.169 <sup>n</sup>	0.169 <sup>n</sup>
GNMA Expenses <sup>b</sup>	0.011	0.011	0.011	0.010 <sup>i</sup>	o	o
Inspector General	0.089 <sup>f</sup>	0.088	0.083 <sup>k</sup>	0.112	0.112	0.112
<b>Appropriations Subtotal</b>	<b>39.195</b>	<b>38.263</b>	<b>41.029</b>	<b>40.900</b>	<b>40.972</b>	<b>40.683</b>
<b>Rescissions</b>						
Housing Certificate Fund (Section 8) rescission	-1.650	-1.300	-1.300	-1.100	-1.250	-1.250
HOPE VI rescission	0.000	-0.099 <sup>h</sup>	0.000	0.000	0.000	0.000
Neighborhood Initiatives (NI) rescission	0.000	-0.050 <sup>i</sup>	0.000	0.000	0.000	0.000
Economic Developments Initiative (EDI) rescission	0.000	-0.307 <sup>i</sup>	0.000	0.000	0.000	0.000
Rental Housing Assistance rescission	0.000	-0.028 <sup>i</sup>	-0.028 <sup>i</sup>	-0.028 <sup>i</sup>	-0.028 <sup>i</sup>	-0.038 <sup>i</sup>
Section 8 Voucher rescission	0.000	0.000	0.000	0.000	0.000	-0.723 <sup>q</sup>
<b>Rescissions Subtotal</b>	<b>-1.650</b>	<b>-1.783</b>	<b>-1.328</b>	<b>-1.128</b>	<b>-1.278</b>	<b>-2.011</b>
<b>Offsetting Receipts/Program Savings<sup>s</sup></b>						
Manufactured Housing Fees Trust Fund	-0.013	-0.016	-0.016	-0.016	-0.016	-0.016
Office of Federal Housing Enterprise Oversight	-0.066 <sup>f</sup>	-0.066	-0.066	-0.066	-0.066	-0.066
Federal Housing Administration (FHA)	-0.652	-0.250	-0.250	-0.250	-0.250	-0.250
GNMA	-0.181	-0.185	-0.163	-0.163	-0.163	-0.163
Legislative Proposals <sup>c</sup>	NA	-0.366	-0.540	-0.540	-0.540	-0.540
<b>Offsets Subtotal</b>	<b>-0.912</b>	<b>-0.883</b>	<b>-1.035</b>	<b>-1.035</b>	<b>-1.035</b>	<b>-1.035</b>



Program	FY2007 Enacted <sup>d</sup>	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Conf. <sup>m</sup>	FY2008 Enacted <sup>p</sup>
<b>Total</b>	<b>36.633</b>	<b>35.597</b>	<b>38.666</b>	<b>38.737</b>	<b>38.659</b>	<b>37.637</b>

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Housing counseling assistance is typically funded as a set-aside in the HOME account. In FY2007, it was funded at \$42 million within HOME. In recent years, including FY2008, the President's budget has requested that the program be funded in a separate account. Both the House and Senate bills, as well as the conference agreement, and final enacted bill included funding for housing counseling as a set-aside within the HOME account for FY2008. The House version of H.R. 3074 would have provided \$49 million (see table note p), the Senate version would have provided \$150 million, the conference agreement would have provided \$50 million, and the final, enacted bill provided \$50 million.
- b. The cost of these accounts is generally covered (partially, if not fully) by offsetting receipts that are listed elsewhere in this table.
- c. The President proposed a series of cost-saving/revenue-increasing FHA modernization proposals, several of which were adopted by Congress. They are included in the discussion of the Federal Housing Administration later in this report. The President's budget also included a new \$4 million legislative proposal for HUD oversight of the Government Sponsored Enterprises, which was not adopted by Congress.
- d. The FY2007 year-long continuing resolution funded most accounts at their FY2006 enacted level; however, the CR specified higher or lower funding levels for some HUD accounts.
- e. The CR appropriated such sums as may be necessary to fund 50% of the cost of the statutory cost-of-living increase approved for FY2007. The amount shown here may change if estimates of the cost of this provision change.
- f. The FY2007 emergency supplemental appropriations law (P.L. 110-28) provided \$7 million in additional funding for HUD's Inspector General and authorized over \$6 million in additional funding for the Office of Federal Housing Enterprise Oversight, fully offset by additional OFHEO fees.
- g. Estimates of offsetting receipts are subject to change.
- h. The President requested that Congress rescind the amount provided in FY2007 for HOPE VI.
- i. As proposed by the President, House bill, Senate bill, and conference agreement, the \$28 million for rental housing assistance would have been fully offset by a rescission of \$28 million in unobligated and recaptured balances from the rental housing assistance account. The FY2008 enacted funding bill provided \$28 million for rental housing assistance but rescinded \$38 million in unobligated balances, leaving a net offset of \$10 million.
- j. The President's budget requested a rescission of FY2007 EDI and NI funds within the CDF account, but no EDI or NI funds were provided in FY2007.
- k. A floor amendment would have transferred \$6.76 million from the Inspector General account to the HOME account to be used for housing counseling assistance.
- l. The Senate-passed funding bill proposed to change the way that HUD's salaries and expenses were funded. Traditionally, HUD has transferred funds from FHA and GNMA to cover the agency's management and administrative salaries. According to the committee report, the committee has eliminated such transfers and replaced them with direct appropriations to specific salaries and expenses accounts within each HUD mission area in order to provide more transparency. The net funding levels for salaries and expenses and FHA and GNMA administrative costs match the President's request.
- m. The House and Senate conference agreement for HUD was approved by the House but never considered by the Senate. It was replaced with a HUD funding bill included as Division K in the Consolidated Appropriations Act, 2008.
- n. Similar to the Senate bill, the conference agreement would have funded HUD's salaries and expenses directly, at the President's requested level, in new accounts. P.L. 110-161 funded the account using the same structure as the conference agreement but provided \$10 million less for non-personnel expenses.
- o. \$8.25 million for GNMA expenses is included in the HUD salaries and expenses account.

- p. The account-level funding table for *Division K-Transportation, Housing and Urban Development, and Related Agencies Appropriations Act 2008*, included in the joint explanatory statement as printed in the *Congressional Record* on December 17, 2007 (beginning on page H16632), is not consistent with the funding levels set by the legislative text as printed in the *Congressional Record* on the same date. However, the account-level table included in the joint explanatory statement posted on the House Rules Committee website, prior to floor consideration of the bill, is consistent with the legislative text printed in the *Congressional Record* and is also consistent with tables provided to CRS by the House Appropriations Committee. As a result, the table posted on the House Rules Committee website was used in place of the table printed in the *Congressional Record*.
- q. The Consolidated Appropriations Act includes \$4.158 billion in advance appropriations for tenant-based rental assistance to become available in FY2009. \$4.193 billion in advance appropriations provided in FY2007 became available at the beginning of FY2008. Of the advance appropriations provided in FY2007 for use in FY2008, P.L. 110-161 rescinds \$723 million. For additional information, see discussion under the “Tenant-Based Rental Assistance” heading later in this report.

## Accounts

The following section of the report provides a detailed discussion of the majority of accounts included in **Table 2**. Note that the unit of funding may vary between millions and thousands from table to table.

### Tenant-Based Rental Assistance (Section 8 Vouchers)

The tenant-based rental assistance account funds the Section 8 Housing Choice Voucher program. (See CRS Report RL32284, *An Overview of the Section 8 Housing Programs*, by Maggie McCarty.) Section 8 vouchers are portable rent subsidies that low-income families use to reduce their housing costs in the private market. HUD currently funds more than 2 million Section 8 vouchers, which are administered at the local level by quasi-governmental Public Housing Authorities (PHAs). This account—the largest in HUD’s budget—funds the cost of those vouchers and the cost of administering the program.

**Table 3. Section 8 Tenant-Based Rental Assistance (Vouchers), FY2007-FY2008**  
(in millions of dollars)

	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
<b>Section 8 Tenant-Based Rental Assistance</b> (includes advance approps.)	<b>15,920<sup>bcd</sup></b>	<b>16,000</b>	<b>16,330</b>	<b>16,599</b>	<b>16,443<sup>e</sup></b>	<b>16,391<sup>f</sup></b>
Voucher Renewals	14,436 <sup>c</sup>	14,445	14,745	14,936	14,695	14,695 <sup>g</sup>
Rental Subsidy Reserve	100 <sup>c</sup>	100	75	100	50	50
Administrative Fees	1,282 <sup>bc</sup>	1,351	1,351	1,351	1,351	1,351
Family Self Sufficiency	47	48	48	50	49	49
Tenant Protection	149 <sup>bc</sup>	150	150	150	200	200
New Incremental Vouchers	0	0	30	105	135	125
Working Capital Fund	6	7	6	6	7	6

**Source:** Prepared by CRS on the basis of the President’s FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074 , H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Totals may not add due to rounding.

- a. Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR (P.L. 110-5) and are therefore assumed to be the same as provided in the FY2006 appropriations law.
- b. Not all subaccount amounts for the tenant-based rental assistance account were initially specified in the year-long CR (P.L. 110-5). Only the total amount, the voucher renewal amount, and the rental subsidy reserve amount were specified. The remainder of the subaccounts were presumably funded at their FY2006 level. However, if funded at the FY2006 level, the sum of the set-asides would not have equaled the total provided to the account (\$15,905 million compared to \$15,920 million). The FY2007 supplemental appropriations act (P.L. 110-28) amended the FY2007 year-long CR to provide \$1,282 million for administrative fees (compared to the FY2006 level of \$1,238 million) and \$149 million for tenant-protection vouchers (compared to the FY2006 level of \$178 million).
- c. The FY2007 year-long CR specified an amount for this account.
- d. This account includes an advance appropriation provided for use in the next fiscal year. In FY2007, the advance provided for FY2008 (\$4,193 million) was \$7 million less than the advance available from FY2006 (\$4,200 million). This leaves \$7 million more available in FY2007 than would have been available if the advances had been equal (as they had been in recent years). This \$7 million was not allocated in the FY2007 appropriations law, leaving the discretion to HUD as to how to use the funds. It is unclear how those funds were allocated. For more information, see discussion under heading “Advance Appropriation” below.
- e. The set-asides within this account total to \$16,436, \$7 million less than the amount shown here. The reason for the discrepancy involves the treatment of an advance appropriation. As noted in Table Note d, in FY2007, \$4,193 million was provided in advance appropriations for FY2008. In FY2008, the conferees proposed providing \$4,200 million for FY2009. The difference between the two amounts (\$7 million) would not have been available until FY2009 and was therefore not included in the total. For more information, see discussion under heading “Advance Appropriation” below.
- f. The set-asides within this account total to \$16,426 million, \$35 million more than the total for the account shown here. The reason for the discrepancy involves the treatment of an advance appropriation. The advance appropriation provided in FY2007 for use in FY2008 was \$4,193 million, while the amount provided in FY2008 for use in FY2009 was \$4,158 million. The difference between the two amounts (\$35 million) is available for use in FY2008, but is not considered new budget authority authorized by the appropriations act, so it is not included in the total for the account. For more information, see discussion under heading “Advance Appropriation” below.
- g. The amount actually available for renewals is \$723 million less than the amount shown here (\$13,971) because the enacted appropriations law includes a rescission of \$723 million in advance appropriations provided in FY2007 for use in FY2008. Because of the way that Congress designed the allocation formula, that reduction will be taken from renewal funds (see discussion under the heading “Voucher Renewals” below).

### *Advance Appropriation*

Each year for the past several years, the tenant-based rental assistance account has included an advance appropriation. Generally, Congress provides the account with *new budget authority* equal to an amount of funding available to be used in the current fiscal year, as well as an advance appropriation to be used in the subsequent fiscal year. And, each year, the amount of *budget authority newly available* for the account is equal to the amount of funding provided for use in the current fiscal year, plus the advance appropriation provided in the previous fiscal year. For most years, the advance available from the prior year and the advance that is provided for the subsequent year has been the same: \$4.2 billion. As a result, the *new budget authority* for the tenant-based rental assistance account has equaled the *budget authority newly available* for the account each fiscal year. For example, as shown in **Table 4**, the FY2006 appropriations act authorized \$11,374 million in new budget authority for use in FY2006 and \$4,200 million in new budget authority for use in FY2007, and \$4,200 million provided in FY2005 became newly available in FY2006.

However, in FY2007, Congress provided only \$4,193 million in advance appropriations for use in FY2008, less than the \$4.2 billion that became available in FY2007 from the FY2006 appropriation. As a result, in FY2007, the amount of *new budget authority* authorized in FY2007 was less than the *budget authority newly available* for FY2007 by \$7 million. As

shown in the FY2007 column of **Table 4**, \$15,920 million in new budget authority was authorized by the FY2007 law, while \$15,927 million was budget authority newly available to be obligated in FY2007.

As shown in **Table 3**, the FY2007 appropriations act directed HUD how to allocate only \$15,920 million of the \$15,927 million available for allocation. It is unclear how HUD chose to allocate the remaining \$7 million.

Again for FY2008, Congress provided less advance appropriations for use in the subsequent year (\$4,158 million provided in FY2008 for use in FY2009) than was provided in the prior year (\$4,193 million provided in FY2007 for use in FY2008). As a result, the *new budget authority* authorized in FY2008 (\$16,931 million) is less than the *budget authority newly available* in FY2008 (\$16,426 million). (See the FY2008 column of **Table 4**.) Unlike the FY2007 appropriation law, the FY2008 appropriations law allocates the full amount of the budget authority newly available in FY2008 (the amount provided in FY2008 plus the advance from FY2007). However, the FY2008 appropriations act also contains a rescission of \$723 million from the advance provided in FY2007 for use in FY2008. (See the FY2008 Adjusted column of **Table 4**.) This reduction will be taken from the amount available for tenant-based renewals, as discussed below.

**Table 4. Advance Appropriations in the Tenant-Based Rental Assistance Account, FY2006-FY2008**

(in millions of dollars)

	FY2006	FY2007	FY2008	FY2008 Adjusted
<b>New Budget Authority in a Fiscal Year</b>				
Amount provided in current FY for use in current FY	11,374	11,727	12,233	12,233
Amount provided in current FY for use in next FY	4,200	4,193	4,158	4,158
<b>Total New BA Provided in FY</b>	<b>\$15,574</b>	<b>\$15,920</b>	<b>\$16,391</b>	<b>\$16,391</b>
<b>Budget Authority Newly Available in a Fiscal Year</b>				
Amount provided in current FY for use in current FY	11,374	11,727	12,233	12,233
Amount provided in prior FY for use in current FY	4,200	4,200	4,193	3,470 <sup>a</sup>
<b>Total BA Newly Available in FY</b>	<b>\$15,574</b>	<b>\$15,927</b>	<b>\$16,426</b>	<b>\$15,703</b>

**Source:** Table prepared by CRS.

a. Reduced for \$723 million rescission.

## Voucher Renewals

The majority of tenant-based rental assistance funding is dedicated to voucher renewals. Congress has authorized the creation of more than 2 million vouchers over the history of the program, and the funding for virtually all of them expires every year. Since FY2004, Congress has made changes each year in the way that HUD distributes voucher renewal funding to PHAs. (For more information, see CRS Report RL33929, *Recent Changes to the Section 8 Voucher Renewal Funding Formula*, by Maggie McCarty.) Several voucher reform proposals have also been considered that would alter the statutory formula for distributing voucher funds, although none has been enacted. Even if they were enacted, language included in appropriations bills could potentially override statutory formula changes. (For more information, see CRS Report RL34002, *Section 8 Housing Choice Voucher Program: Issues and Reform Proposals*, by Maggie McCarty.)

The FY2007 year-long CR did not adopt the same allocation formula that was in place in FY2006. In FY2006, PHAs were funded on the basis of what they had received in FY2005, with some adjustments (including for inflation and some first-time voucher renewals), and prorated to fit within the amount appropriated. For FY2007, Congress directed HUD to fund PHAs on the basis of their actual leasing and costs from the previous 12 months, adjusted for inflation and for the cost of the first-time renewal of tenant-protection vouchers and vouchers set aside for project-based use, and prorated to fit within the amount appropriated. Moving to Work (MTW) demonstration agencies were funded on the basis of their MTW agreements, subject to proration. Several other categories of agencies also received a modified funding allocation, including certain Katrina-affected PHAs, PHAs under administrative or judicial receiverships, and PHAs that spent more than their funding allocation. Of the amount provided for renewals, \$100 million was set aside to adjust the budgets of agencies that (1) had experienced an increase in voucher costs due to unforeseen circumstances or portability<sup>1</sup> and (2) were adversely affected by the formula change and risked losing vouchers. The formula contained in the year-long CR was similar to the one in place in FY2004.

In his FY2008 budget, the President requested that PHAs receive renewal funding using a formula similar to the one in place in FY2006. Specifically, the President requested that PHAs be funded on the basis of what they received in FY2007; adjusted for inflation, the costs of deposits to escrow accounts, and the first time renewal of tenant protection vouchers; and prorated to fit within the amount appropriated. MTW agencies would be funded pursuant to their agreements, subject to proration. The President's budget also requested that \$100 million be set aside for additional rental subsidy needs resulting from unforeseen circumstances, and to make portability adjustments.

The House-passed version of H.R. 3074 would have provided \$14.7 billion for voucher renewals in FY2008. Similar to the President's requested formula, the House bill would have allocated renewal funds on the basis of what PHAs received in FY2007, plus inflation. The bill would have further adjusted PHAs' allocations to account for costs related to Family Self Sufficiency (FSS) escrow accounts, the first time renewal of HOPE VI vouchers, and vouchers set aside for project-based contracts, and would have prorated the allocations to fit within the amount appropriated. MTW agencies were to be funded on the basis of their MTW agreements. The bill would have required the Secretary to notify agencies of their budgets within 45 days of enactment. The Secretary would have been permitted to set aside up to \$75 million to provide agencies with additional rental subsidy funding in response to unforeseen exigencies (as determined by the Secretary) or the cost of portability. The bill would have continued to prohibit PHAs from using more than their authorized number of vouchers, a practice called overleasing.

The House committee report (H.Rept. 110-238) noted that the committee chose not to use updated data for allocating FY2008 renewal funding because HUD delayed allocating FY2007 funding under the new formula, and therefore the committee wanted to give PHAs additional time to adjust to their FY2007 allocations before changing the formula again.

The Senate-passed version of H.R. 3074 would have provided \$14.9 billion for voucher renewals in FY2008. Similar to the FY2007 year-long CR, the funding would have been allocated on the basis of PHAs' most recent 12 months of leasing and cost data, adjusted for inflation and the first time renewal of tenant protection or HOPE VI vouchers or vouchers set aside for a project-based commitment. Under the Senate bill, MTW agencies would have been funded subject to their

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<sup>1</sup> Portability is the term used to describe a family's ability to move from the jurisdiction of one PHA to another PHA while maintaining their voucher assistance. If a family moves to a more expensive community, a PHA can face increased voucher costs.



agreements, and, as under the year-long CR, the same three categories of agencies would have been funded using a different allocation formula. First, certain Katrina-affected agencies would have been funded on the basis of the higher of what they would have received under the FY2008 formula or what they received in FY2007, although PHAs would have been required to submit plans detailing how they could effectively use any additional funds within 12 months. Second, agencies that would have lost funding under the FY2008 formula and had been put in receivership within the prior 24 months would have been funded on the basis of the higher amount they received in FY2007, as long as they submitted a spending plan. Third, agencies that spent more in FY2007 than their FY2007 allocation plus their unspent voucher and administrative fee balances from FY2006 would have been funded on the basis of what they received in FY2007. All allocations were to be prorated to fit within the amount appropriated, and the Secretary would have been required to notify PHAs of their budgets within 90 days of enactment.

The Senate-passed version of H.R. 3074 would also have permitted the Secretary to set aside up to \$100 million to adjust the allocations of PHAs with significant increases in renewal costs due to unforeseen circumstances or increased portability costs, or to adjust the allocations for PHAs that could face a loss of voucher units due to the use of updated leasing and cost data. Like the House bill, the Senate bill would have continued the prohibition on overleasing. The committee report (S.Rept. 110-131) noted that the committee continued the FY2007 formula because the committee believed that it would provide an efficient method to capture actual costs incurred by PHAs administering the voucher program, including variations in rental markets.

The conference agreement (H.Rept. 110-446) would have provided a funding level for voucher renewals lower than either the House or Senate bill. Similar to the Senate bill, it would have distributed funds on the basis of leasing and cost data, but rather than using the most recent data, the bill would have directed the Secretary to use data from the most recent federal fiscal year. The formula would have made adjustments for FSS costs, renewal of tenant protection or HOPE VI vouchers, and vouchers set-aside for project-based commitments. PHA budgets would then have been adjusted for inflation and prorated to fit within the amount appropriated. The conference agreement included the same adjustments for Katrina-affected agencies, agencies in receivership, and agencies that spent beyond their allocation that were included in the FY2007 year-long CR and the Senate bill. It would have funded MTW agencies on the basis of their agreements and would have continued the prohibition on overleasing. The conference agreement would also have permitted the Secretary to set aside up to \$50 million to adjust agency allocations for significant increases in costs due to portability, or for agencies who had increased their voucher use (indicated by leasing rates at the end of the calendar year that exceeded the 12-month average used in the formula).

Under P.L. 110-161, PHA's initial allocations will be determined using the same formula as in the conference agreement (prior to proration). However, each agency's allocation will then be reduced by the amount by which their unusable, restricted reserve accounts<sup>2</sup> exceed 7% of the total they received in FY2007. Once those reduced allocations are made, HUD is to prorate the amount provided to each PHA to fit within the amount provided for renewals (\$14,695 million), reduced by \$723 million, the amount that the law rescinds from the advance appropriation provided in FY2007 for use in FY2008. Given the reduction in the advance appropriation, the total amount of new budget authority available for tenant-based renewals in FY2008 is \$13, 971 million. If the aggregate amount of PHAs' unusable, restricted reserve accounts total less than \$723 million, the proration level in FY2008 will be higher.

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<sup>2</sup> Restricted reserves are reserves that exceed the amount of funding needed by the agency to lease its full number of authorized vouchers.

### ***Administrative Fees***

Prior to FY2004, PHAs were paid a fixed fee per voucher administered. Beginning in FY2004, at Congress' direction, HUD changed the way it distributed administrative fees, providing agencies with a pro-rata share of the amount appropriated for administrative fees, on the basis of what they had received in the previous year. The change was designed to contain the cost of administrative fees, which were estimated to have grown to account for 10% of the cost of a voucher.

The FY2007 year-long CR did not initially specify an amount for administrative fees, so they were funded at their FY2006 level (\$1,238 million). The FY2007 supplemental appropriations law (P.L. 110-28) amended the year-long CR to increase funding for administrative fees to the amount requested by the President for FY2007 (\$1,281 million). For FY2008, the President requested \$1,351 million for administrative fees and asked that \$5 million be set aside for incentive bonuses for PHAs that voluntarily consolidated with each other. The President's budget also requested the authority to allocate administrative fee funding on the basis of the number of families assisted by PHAs, as opposed to the pro-rata allocation that has been in place in recent years.

Both House- and Senate-passed versions of H.R. 3074 would have funded administrative fees at \$1,351 million and would have permitted the Secretary to set aside up to \$5 million for incentive bonuses for PHAs that voluntarily consolidate, as requested in the President's budget. Both bills would have directed the Secretary to allocate administrative fees to PHAs on the basis of the per-unit fee schedule that was used each year prior to FY2004, prorated to fit within the amount appropriated (or, in the House bill, supplemented by recaptured or unobligated balances). Both bills would also have permitted the Secretary to set aside up to \$35 million for PHAs that needed additional fees.

The conference agreement would have funded administrative fees at the same level as the House and Senate bills (\$1,351 million) using the same formula and with the same \$35 million set-aside. Like the House bill, the conference agreement would have allowed HUD to supplement administrative fees with other funds. Unlike the House and Senate bills, the conference agreement did not contain the \$5 million consolidation bonus requested by the President. P.L. 110-161 adopts the conference agreement funding level and allocation requirements, except that it does not contain language allowing the Secretary to supplement administrative fee funding, nor does it contain language directing the Secretary to prorate PHAs' allocations to fit within the amount appropriated.

### ***Tenant Protection Vouchers***

Tenant protection vouchers are provided to families in a variety of circumstances, including families who are threatened with displacement because the contract on their assisted unit is ending (project-based Section 8, for example), families who are displaced from public housing (due to demolition or disposition), families in the witness protection program, and families in the child welfare system, including youth transitioning from foster care (through the Family Unification Program).

The FY2007 year-long CR did not initially specify an amount for tenant protection vouchers, so they were funded at their FY2006 level (\$178 million). The FY2007 supplemental appropriations law (P.L. 110-28) amended the year-long CR to reduce the amount for tenant protection vouchers to \$149 million. For FY2008, the President requested \$150 million for tenant protection vouchers and requested the authority to supplement the appropriated funds with funds recaptured from unobligated balances.

Both House- and Senate-passed versions of H.R. 3074 would have funded tenant protection vouchers at the President's request. The House bill would have authorized the Secretary to use unobligated or recaptured balances from the Housing Certificate Fund or the project-based rental assistance account if the funding provided was not sufficient to cover the costs of tenant-protection vouchers. Both bills would have directed the Secretary to provide tenant protection vouchers for all units that are eligible, rather than just occupied units, as has been the Administration's recent practice.

P.L. 110-161, like the conference agreement, provides \$200 million for tenant protection vouchers and directs the Secretary to provide tenant protection vouchers for all units that were occupied within the 24 months prior to their eligibility for a voucher.

### ***Incremental Vouchers***

Incremental is the term used to describe new vouchers available to serve additional families. No new incremental vouchers have been funded since FY2002 (outside of replacement tenant protection vouchers). The House-passed version of H.R. 3074 would have provided \$30 million for new incremental vouchers for non-elderly disabled families affected by the designation of their housing units as elderly-only. If all \$30 million were not needed for this purpose, the funds were to be used to provide up to 1,000 supportive housing vouchers for homeless veterans under a joint HUD-Veterans Administration initiative (HUD-VASH) (discussed later in this report under Homeless Assistance Grants). The Senate-passed version of H.R. 3074 would have provided \$105 million for incremental vouchers. Of that amount, \$30 million would have been for new Family Unification Program (FUP) vouchers, which are used to help reunite families involved in the child welfare system or help youth transitioning out of foster care. The remaining \$75 million would have been used to fund HUD-VASH vouchers.

The conference agreement reflected a combination of the House and Senate proposals for incremental vouchers. It would have provided \$135 million: \$30 million for non-elderly disabled families affected by the designation of their housing units as elderly only (if not needed for this purpose, they could be used for other non-elderly disabled families); \$75 million for HUD-VASH vouchers; and \$30 million for Family Unification Program vouchers.

P.L. 110-161 is similar to the conference agreement but provides less funding. Specifically, the law provides \$125 million for incremental vouchers: \$30 million for non-elderly disabled families affected by the designation of their housing units as elderly only (if not needed for this purpose, they could be used for other non-elderly disabled families); \$75 million for HUD-VASH vouchers; and \$20 million for Family Unification Program vouchers.

## **Section 8 Project-Based Rental Assistance**

This account provides funding to administer and renew existing project-based Section 8 rental assistance contracts between HUD and private landlords. Under those contracts, HUD provides subsidies to units owned by private landlords that allow eligible low-income families to live in the units but pay only 30% of their incomes toward rent. No new contracts have been entered into under this program since the early 1980s. When the program was active, Congress funded the contracts for 20-40 year periods, so the monthly payments for landlords came from old appropriations. However, once those contracts expire, if they are renewed, they require new annual appropriations. This account funds contract renewals and the program's administrative costs.



**Table 5. Section 8 Project-Based Rental Assistance, FY2007-FY2008**

(in millions of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Section 8 Project-Based Rental Assistance</b>	<b>5,976<sup>b</sup></b>	<b>5,813</b>	<b>6,480</b>	<b>5,813</b>	<b>6,382</b>	<b>6,382</b>
Project-Based Renewals	5,829 <sup>b</sup>	5,522	6,239 <sup>c</sup>	5,522	6,139 <sup>c</sup>	6,139 <sup>c</sup>
Contract Administrators	146	286	239 <sup>d</sup>	286	239 <sup>d</sup>	239 <sup>d</sup>
Working Capital Fund	1	4	2	4	4	4

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.
- b. The FY2007 CR specified an amount for this account.
- c. The bill specified that up to this amount is to be made available to fund renewals. This amount may be reduced in order to increase funding for contract administrators (see Table Note d, below).
- d. The bill specifies that the Secretary could designate no less than \$239 million and no more than \$286 million for contract administrators.

### *Renewals*

For FY2008, the President's budget requested that Congress fund project-based contract renewals at about \$300 million less than the FY2007 level and permit the Secretary to supplement the funding with recaptured funds from older expiring contracts. Questions were raised about the adequacy of the President's request for renewals because of problems within the program during FY2007.

Towards the end of FY2007 (July 2007), HUD stopped issuing monthly payments to property owners with project-based Section 8 contracts. At the time, HUD stated that they lacked sufficient funding to make payments on their existing contracts. They stated that the problem arose because HUD's legal counsel had determined that HUD could no longer obligate partial funding when they entered into a 12-month contract renewal with a property owner, which had been their past practice. OMB and HUD worked together to identify sufficient funding to resume payments to landlords for the remainder of FY2007 (including retroactive payments), and HUD modified its contracts to indicate that funding may not be set aside for the full length of the contract. This practice of short-funding contracts was the subject of a hearing before the House Financial Services Committee. At that hearing, a HUD official testified that HUD should have sufficient funding in its request to get through the end of FY2008 (if the President's requested funding level is provided).<sup>3</sup> However, increased appropriations may be necessary in FY2009.

<sup>3</sup> See transcript from "The Impact of Late Housing Assistance Payments on Tenants and Owners in the Project-Based Rental Assistance Program," hearing before the House Financial Services Committee, Wednesday, October 17, 2007.

The House-passed version of H.R. 3074 proposed to increase funding for renewals by over \$700 million. The committee report expressed concern about HUD's ability to estimate the actual renewal needs in the account, and it directed the Secretary to report back to the committee with the findings of a review of future contract renewal needs and to include such an analysis in the FY2009 congressional budget justifications. The Senate-passed version proposed to fund renewals at the President's request, permitting the Secretary to supplement the appropriation with recaptures, as necessary. It also would have required the Secretary to report back to the committee on the status of project-based contracts.

P.L. 110-161, as also proposed by the conference agreement, funds project-based renewals at about \$600 million above the President's requested (and Senate-passed) level, but about \$100 million below the House-passed level. The joint explanatory statement directs HUD and OMB to determine whether short-funding contracts are a violation of the Anti-Deficiency Act, and if so, to report back to the Appropriations Committee and begin issuing 12-month contracts, subject to the availability of appropriations. The law also directs the Secretary to submit a report on the status of project-based contracts to the Committee, similar to the Senate bill and conference agreement.

### ***Contract Administrators***

Contract administrators are subcontracted by HUD to manage the contracts between landlords and the Department. HUD formerly administered all of the contracts directly, but has set a goal to transfer all contract administration to subcontractors.

The President's FY2008 budget requested a 96% increase in appropriations for contract administrators. HUD's Congressional Budget Justifications indicate that this funding increase was necessary in order to maintain the same level of service provided in FY2005 and FY2006, when the appropriations were supplemented by recaptured funds. The justifications noted that HUD obligated almost \$265 million for contract administrators in FY2006, even though only \$146 million was provided in appropriations. For FY2008, the justifications indicated that additional funding would not be available from recaptured funds, so all of the account needs would have to be met through new appropriations.

The House-passed version of H.R. 3074 would have authorized the Secretary to provide no less than \$239 million for contract administrators and no more than \$286 million (the President's requested level). The Senate-passed version would have funded contract administrators at the President's requested level. Both bills would have authorized the Secretary to use contract administrator funding for the costs associated with rental assistance payments or interest reduction payments. P.L. 110-161, as proposed in the conference agreement, includes the House proposal for contract administrator funding.

### **Housing Certificate Fund Rescission**

The two Section 8 programs—tenant-based rental assistance and project-based rental assistance—were previously funded under a joint account called the Housing Certificate Fund (HCF). The HCF was split by the FY2005 appropriations law, although the account still retains funding from prior years' appropriations for long-term Section 8 contracts. Each year, the Administration makes available for rescission an amount it estimates will be available from unobligated or recaptured Section 8 funds within the HCF. In recent years, there has been some controversy surrounding whether or not there are sufficient unobligated balances in the HCF to meet the rescission. If HUD cannot meet the rescission from the HCF, it has the authority to take the funds from other accounts. The FY2007 year-long CR rescinded \$1.65 billion from the HCF. The President's FY2008 budget requested that Congress rescind \$1.3 billion from the HCF.

The House-passed version of H.R. 3074 included a \$1.3 billion rescission from the HCF, the same as the President's request. The Senate-passed version included a rescission of \$1.1 billion from this account. The conference agreement would have rescinded \$1.25 billion. P.L. 110-161 rescinds \$1.25 billion, as proposed in the conference agreement. It permits HUD to use funds from other accounts to meet the rescission, but requires the Secretary to notify the Appropriations Committees 30 days in advance if any funds were being taken from other accounts in order to meet the rescission.

## Public Housing

The public housing program provides publicly owned and subsidized rental units for very low-income families. Although no new public housing developments have been built for many years, Congress continues to provide funds to the more than 3,100 public housing authorities (PHAs) that own and maintain the existing stock of more than 1.2 million units. Through the Operating Fund, HUD provides funds to PHAs to help fill the gap between tenants' contributions toward rent and the cost of ongoing maintenance, utilities, and administration. Through the Capital Fund, HUD provides funding to PHAs for large capital projects and modernization needs. HOPE VI is a competitive grant program that provides funds to help demolish and/or redevelop severely distressed public housing developments, with a focus on building mixed-income communities.

**Table 6. Public Housing, FY2007-FY2008**

(in millions of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Public Housing Operating Fund</b>	<b>3,864<sup>b</sup></b>	<b>4,000</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>
Operating Subsidies	3,864	3,994	4,200	4,194	4,194	4,194
Transition to asset-based management/ new formula	0	6	0	6	6	6
<b>Public Housing Capital Fund</b>	<b>2,439</b>	<b>2,024</b>	<b>2,439</b>	<b>2,500</b>	<b>2,439</b>	<b>2,439</b>
Formula Grants	NS	1,966 <sup>d</sup>	2,339 <sup>d</sup>	2,347 <sup>d</sup>	2,327 <sup>d</sup>	2,327 <sup>d</sup>
Technical assistance/remediation	11	15	11	15	12	12
Administrative/Judicial receivership	9	10	9	9	9	9
Emergency needs	17	0	17	20	19	19
Service coordinators and supportive services (ROSS)	38	0	38	40	40	40
Financial and physical assessments	0	15	15	15	15	15
Neighborhood Networks	7	0	0	0	0	0
Working Capital Fund	11	17	10	16	17	17
<b>HOPE VI</b>	<b>99</b>	<b>-0<sup>c</sup></b>	<b>120</b>	<b>100</b>	<b>120</b>	<b>100</b>

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law. Amounts not specified in the FY2006 law (even if specified in the conference report) are denoted by an "NS."
- b. The FY2007 year-long CR specified an amount for this account.
- c. The President has requested that Congress rescind the amount provided in FY2007 for HOPE VI.
- d. This amount is not specified in legislation, but is calculated by subtracting the set-asides from the account total. Because several set-asides are specified as "up to" the amount specified, the amount available for formula grants may increase.

## ***Operating Fund***

The President's FY2008 budget requested a \$130 million increase in funding for the public housing Operating Fund. In recent years, HUD has not requested, and Congress has not provided, sufficient appropriations to fund all PHAs at 100% of their Operating Fund formula eligibility. Instead, PHAs generally receive some percentage of their eligible budgets, referred to as the proration level. The FY2007 year-long CR provided \$3.86 billion for the Operating Fund, which resulted in a proration of 83%. For FY2008, the President requested \$4 billion (\$3.99 billion for formula grants), which is estimated to result in a proration level of just over 80%. (For more information, see CRS Report RS22557, *Public Housing: Fact Sheet on the New Operating Fund Formula*, by Maggie McCarty.)

Both House- and Senate-passed versions of H.R. 3074 would have provided \$200 million more than the President's request for the Operating Fund. The Senate bill would also have given HUD the authority requested in the President's budget to set aside \$6 million to provide technical assistance funds to aid PHAs in their transition to asset-based management.<sup>4</sup> The House committee report (H.Rept. 110-238) noted that the committee did not provide the asset-management set-aside because it did not believe that HUD should receive technical assistance funds if HUD is not providing such technical assistance funds to PHAs. The report also would have directed the HUD Inspector General to investigate the implementation of asset-based management and report back to the committee by March 15, 2008.

P.L. 110-161, as proposed in the conference agreement, funds the Operating Fund at the House and Senate level (\$4.2 billion) and includes the asset management set-aside requested by the President. Administrative provisions included in the law, similar to provisions in the Senate bill, would exempt certain small PHAs from asset management requirements and limit HUD from implementing certain asset-management requirements related to costs.

## ***Capital Fund***

For FY2008, the President proposed a \$400 million reduction in funding for the Capital Fund. About \$35 million of that reduction comes from changes in the amount requested for set-asides within the account. The budget proposed to eliminate funding for Resident Opportunities for Supportive Services (ROSS) grants, Neighborhood Networks technology grants, and emergency funding. It also proposed an increase for technical assistance and physical and financial assessments. The majority of the Capital Fund reduction would have come from the formula grants that HUD provides to PHAs to use to modernize their public housing. The Department's congressional budget justifications indicated that one of HUD's priorities is to support alternative financing of public housing (for example, using federal public housing funding to leverage private investment). The justifications also noted that the Department is undertaking a

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<sup>4</sup> Beginning in FY2007, PHAs are required to begin converting to asset-based management, a type of decentralized administration of their public housing programs. Implementation of this requirement has been controversial.

modernization needs study and will develop a protocol to measure the performance of PHAs in meeting modernization needs, including incentives for PHAs that excel in modernizing the stock with limited Capital Fund resources.

Both House- and Senate-passed versions of H.R. 3074 would have increased funding above the President's requested level for the Capital Fund. The House bill would have funded the account at the FY2007 level (over \$400 million above the President's request), and the Senate bill would have provided almost \$500 million above the President's request. The Senate committee report included a provision that would have required HUD to conduct a new Capital Needs Assessment (CNA) on the public housing stock and report back to the committee by June 30, 2008, with its results.

P.L. 110-161, as proposed in the conference agreement, funds the Capital Fund at the House-passed level. As in the Senate report, the joint explanatory statement directs HUD to enter into contracts to perform a CNA and report back to the Appropriations committees by July 31, 2009. The joint explanatory statement also directs the Secretary to report quarterly to the Appropriations Committees on the status of PHAs in receivership, beginning with the transmission of the FY2009 Congressional Budget Justifications.

## **HOPE VI**

Each year since FY2004, the President has requested that Congress provide no new funds for the HOPE VI program, although each year the Congress has continued to fund the program. The Department has argued that the program has largely met its goal of eliminating the worst public housing and that it has a backlog of unspent funds that needs to be addressed. Since FY2005, the President has also requested that Congress rescind the funds it provided for the program in previous years, before they are awarded to grantees, although Congress has not approved such a rescission. The FY2008 budget again requested that Congress rescind the funds it provided to the program in FY2007 and provide no new funding for FY2008. (For more information, see CRS Report RL32236, *HOPE VI Public Housing Revitalization Program: Background, Funding, and Issues*, by Maggie McCarty.)

Both House- and Senate-passed versions of H.R. 3074 would have provided funding for the HOPE VI program, and neither bill would have rescinded FY2007 funding, as requested in the President's budget. The House bill would have funded the program at \$120 million, and the Senate bill would have funded the program at \$100 million. The conference agreement would have adopted the House-passed funding level (\$120 million). P.L. 110-161 funds the program at \$100 million for FY2008 and sets-aside \$2.4 million for technical assistance. The joint explanatory statement notes that the account contains unspent technical assistance funds, and it directs the Secretary to focus unobligated and unexpended technical assistance funds on pre-2001 grantees with large, unexpended balances. The administrative provisions of the law also include a one-year extension of the program, which was slated to sunset at the end of FY2007 (but had been continued in each CR).

## **Native American Block Grants**

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) reorganized the system of federal housing assistance to Native Americans by eliminating several separate programs of assistance and replacing them with a single block grant program. In addition to simplifying the process of providing housing assistance, the purpose of NAHASDA was to provide federal assistance for Indian tribes in a manner that recognizes the right of Indian self-determination and tribal self-governance. NAHASDA provides block grants to Indian tribes or

their tribally designated housing entities (TDHE) for affordable housing activities. Affordable housing activities include any programs currently authorized in law, as well as model activities as approved by HUD.

**Table 7. Native American Block Grants, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Native American housing block grants</b>	<b>623,700</b>	<b>626,965</b>	<b>626,965</b>	<b>630,000</b>	<b>630,000</b>	<b>630,000</b>
Formula Grants	616,275	620,735	NS	NS	NS	NS
Loan Guarantee (Title VI Credit Subsidy)	1,831	1,831	1,831	1,980	1,980	1,980
Administrative Expenses	149	149	149	NS	NS	NS
Technical Assistance	4,455	4,250	3,465	4,250	4,250	4,250
National American Indian Housing Council	990	0	NS	2,000	NS	NS

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Some set-asides are not specified (NS) in the appropriations bills or accompanying reports.

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.

For FY2008, the Administration requested and the House recommended \$627 million in appropriations for the Native American Block Grant (NABG) program. The Administration did not propose a set-aside for the National American Indian Housing Council (NAIHC). In past years NAIHC has received funds to perform training and technical assistance for Indian tribes and TDHEs. The Administration argued in its FY2008 budget documents that sufficient funding has already been provided to NAIHC for these purposes. The House bill did not specify a set-aside for NAIHC. The Senate recommended \$630 million for the NABG program and \$2 million for NAIHC. The FY2008 Consolidated Appropriations Act (P.L. 110-161) provides \$2 million for a national organization representing Native American housing interests but does not specifically mention NAIHC.

The Administration's budget proposed a bond financing program for NABG recipients. The recipients would sell tax-exempt bonds to private investors and the bonds would be backed by current and future NABG funds. The bond proceeds would be used to finance eligible housing activities. The bond provision was not included in the House or Senate bills or the FY2008 Consolidated Appropriations Act (P.L. 110-161).

### **Housing for Persons with AIDS (HOPWA)**

HOPWA provides housing assistance and related supportive services for low-income persons with HIV/AIDS and their families. Funding is distributed both by formula allocation and competitive grants to states, localities, and nonprofit organizations. (For background, see CRS Report RL34318, *Housing for Persons Living with HIV/AIDS*, by Libby Perl.)



**Table 8. HOPWA, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Housing for Persons with AIDS (HOPWA)</b>	286,110	300,100	300,100	300,100	300,100	300,100

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.

In the FY2008 Consolidated Appropriations Act (P.L. 110-161), Congress appropriated more than \$300 million for HOPWA, an increase of \$14 million over the FY2007 appropriation, and the most ever appropriated for the program. The amount appropriated was the same amount recommended in the President's budget, as well as the same funding level proposed in the House- and Senate-passed versions of the HUD Appropriations Act (H.R. 3074) and the conference agreement between the House and the Senate (H.Rept. 110-446). HUD estimates that the \$300 million appropriations will support housing for approximately 67,000 households.

The Administration's budget for FY2008 proposed to change the method of allocating HOPWA formula grants. The current formula uses the cumulative number of AIDS cases in a jurisdiction (including those individuals who have died) in determining how funds are distributed. The method proposed by the President would have used the number of persons living with AIDS, and would also have taken into account the cost of housing in each jurisdiction. The House Appropriations Committee, in its report (H.Rept. 110-238), acknowledged that the HOPWA formula is twenty years old but did not recommend undertaking a formula change in the appropriations bill, nor did Congress address a formula change in the Consolidated Appropriations Act.

## Rural Housing and Economic Development

This program provides competitive grants to states and localities to fund housing and economic development activities in rural areas.

**Table 9. Rural Housing and Economic Development, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Rural Housing and Economic Development</b>	16,830	0	16,830	17,000	17,000	17,000

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.

As in previous years, the Administration proposed no funding for the program for FY2008 and argued that activities of this account are best performed under the CDBG or HOME programs. Neither the House nor Senate agreed that the Rural Housing and Economic Development activities are best performed under CDBG or HOME. The House bill recommended funding at the FY2007 level, while the Senate bill recommended a \$170,000 increase above the FY2007 level. The FY2008 Consolidated Appropriations Act (P.L. 110-161) funds the program at \$17 million, as recommended by the Senate.

## **Community Development Fund/Block Grants**

The Community Development Fund (CDF) account supports activities undertaken through the Community Development Block Grant program. In addition, the CDF has funded other community development-related programs in past years, including the Economic Development Initiatives and Neighborhood Initiative demonstrations.

The CDBG program is the largest source of federal assistance in support of the housing, community, and economic development activities of state and local governments. The President's FY2008 budget recommendation of \$2.975 billion for the formula portion of CDBG was \$736 million (20%) less than the \$3.711 billion appropriated for distribution to communities and states in FY2007.<sup>5</sup> In addition, the President's budget request stated that the Administration would seek to reform the CDBG program during the 110<sup>th</sup> Congress, but at the end of the first session, no formal legislative proposal had been introduced in the House or the Senate. During the 109<sup>th</sup> Congress, the Administration unveiled a proposal that would have restructured the CDBG distribution formula. The legislative proposal, the Community Development Block Grant Reform Act of 2006, which was not formally introduced during the 109<sup>th</sup> Congress, included the following changes.

- Replacement of the dual CDBG formula with a single weighted formula that targeted assistance on the basis of the following factors: a community's or state's share of households living in poverty (excluding college students), number of female-headed households with minor children, number of overcrowded housing units, number of housing units 50 years or older occupied by low-income families, and per capita income.
- HUD would no longer have allocated funds to entitlement communities and states using a 70%/30% formula allocation split. Instead, states and entitlement community allocations would have been drawn from a single pool of funds.
- Entitlement communities would have been required to meet a minimum grant threshold in order to receive a direct annual allocation. Communities that failed to meet the minimum grant amount could have joined with their urban county, creating a new combined entitlement community, or could have had their data included in the state totals.
- A two-year transition would have been established for communities that no longer met the minimum grant threshold amount.
- HUD would have been directed to establish a set of performance measures and accountability standards.
- A \$200 million bonus grant program dubbed the Economic Development and Revitalization Challenge Grant would have been established to reward

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<sup>5</sup> The largest share of CDBG money (70%) is distributed to "entitlement communities," units of local government that meet specified threshold criteria. The other 30% is allocated among the states.



entitlement communities with programs resulting in improved living conditions in distressed neighborhoods.

In addition to reduced funding for CDBG formula grants, the Administration's FY2008 budget proposed eliminating funding for several other community development related programs, including Rural Housing and Economic Development Grants, Community Development Block Grant Section 108 loan guarantees, and Brownfields Economic Development Initiatives. The budget characterized these programs as duplicative of the activities funded by the CDBG formula grant program.

The House-passed version of H.R. 3074, and its accompanying report (H.Rept. 110-238), recommended an appropriation of \$3.936 billion for CDBG formula grant activities. This was \$225 million above the appropriation for FY2007, \$961 million more than the Administration request, and \$231 million more than the amount in the Senate-passed version of the bill. The report accompanying the House bill rejected the Administration's consolidation proposal and included language that would have prohibited HUD from using appropriated funds for its proposed Economic Development and Revitalization Challenge Grant. The Senate bill and its accompanying report (S.Rept. 110-131) also rejected the Administration's consolidation proposal. The bill would have provided \$6 million less for CDBG formula grants than the \$3.711 billion appropriated in FY2007. The Senate report did not reference the Challenge Grant. The conference agreement included \$4 billion in Community Development Fund assistance, including \$3.790 billion for CDBG activities. Of this amount, \$3.723 billion would be appropriated for CDBG formula grants, \$62 million for Indian tribes, \$3 million for technical assistance, and \$1.6 million would be transferred to the Working Capital Fund. The conference agreement's proposed CDBG formula allocation (\$3.723 billion) was \$12 million more than appropriated for FY2007, \$18 million more than recommended by the Senate, and \$748 million more than requested by the Administration, but \$213 million less than that recommended by the House.<sup>6</sup>

Section 232 of the General Provisions of the conference agreement would have extended CDBG entitlement status to two Illinois communities. The population of both communities falls short of the 50,000 person threshold required to be defined as a metropolitan city entitled to a direct, formula-based allocation of funds. Specifically, Alton and Granite City, Illinois' 2006 populations were 20,000 persons less than the population threshold needed to meet the statutory definition of metropolitan city (found at 42 U.S.C. 5302). The net effect of the provision, if enacted, would be that the two cities would gain direct control over a portion of funds previously awarded to Madison County, Illinois, the county in which they are located. This in turn would reduce the total amount controlled by the county government, but not the total amount of CDBG funds allocated within the county boundaries. The provision's other potential impact is that it would create a precedent that other small metropolitan cities may point to in their efforts to secure direct CDBG funding.

Provisions of H.R. 3074 were incorporated into the Consolidated Appropriations Act of 2008, H.R. 2764, that was signed by the President on December 26, 2007, as P.L. 110-161. The statute includes the provision that grants entitlement status to the cities of Alton and Granite City, Illinois. The act appropriates \$3.866 billion for CDF activities, which is 2.5% more than the \$3.772 billion appropriated for FY2007. The \$3.866 billion in total CDF funding is \$829 million more than requested by the Administration but \$134 million less than the amount approved during conference committee consideration of H.R. 3074.

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<sup>6</sup> An additional \$3 billion in emergency supplemental CDBG funds has been made available for Louisiana's Road Home Program with the passage of P.L. 110-116.

Of the \$3.866 billion appropriated for CDF activities, \$3.593 billion will be allocated to CDBG formula grant recipients. This is \$118 million less than appropriated in FY2007, a 3.2% decline in appropriations for this component of the CDF. It is also \$618 million more than requested by the Administration, but \$343 million less than recommended by the House, \$112 million less than recommended by the Senate, and \$130 million less than recommended by the conference committee on H.R. 3074.

*Economic Development Initiatives (EDIs) and Neighborhood Initiatives (NIs).* During the past few budget cycles, Congress used both the EDI and NI accounts to fund hundreds of congressionally earmarked projects. For FY2006, Congress approved \$307 million in EDI funds for 1,126 earmarked projects and \$49 million in NI funds for 50 projects identified in the conference report (H.Rept. 109-307) that accompanied the FY2006 TTHUD Appropriations Act, P.L. 109-115. The Revised Continuing Appropriations Resolution for FY2007 (P.L. 110-5) included language specifying that none of the funds appropriated under the CDF account were to be used to fund EDI or NI activities for FY2007. The Administration's FY2008 budget proposal requested no new funding for EDI or NI activities and proposed rescinding any unobligated balances remaining from EDI and NI funds appropriated in FY2007. For FY2008, the House bill recommended a total of \$180 million for EDI (\$160 million) and NI (\$20 million) earmarks. This amount was \$108 million less than the \$288 million for EDI (\$248 million) and NI (\$40 million) included in the Senate bill. In response to the controversy surrounding the awarding of congressional earmarks, the report accompanying the House bill noted that starting in FY2009, the committee intends to require recipients of NI and EDI grants to provide 25% in matching funds. The conference agreement would have appropriated \$183.5 million for EDI assistance, which is \$23.5 million more than the funding approved by the House and \$64.5 million less than approved by the Senate. The \$26.5 million included in the conference agreement for NI earmarks was \$13.5 million less than that recommended by the Senate and \$6.5 million more than recommended by the House.

The Consolidated Appropriations Act for 2008 appropriates \$206 million for EDI (\$180 million) and NI (\$26 million) projects. This is \$26 million more than recommended by the House, \$82 million less than recommended by the Senate, and \$5 million less than included in the conference report accompanying H.R. 3074. In order to fund EDI and NI activities, CDF total funding increased by 2.5% over the amount appropriated for FY2007, which was offset by a 3.2% reduction in funding for the CDBG formula grant program.

**Table 10. Community Development Fund (CDF): Community Development Block Grants (CDBG) and Related Set-Asides, FY2007-FY2008**

(in millions of dollars)

Program	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
<b>CDF</b>	<b>3,772<sup>b</sup></b>	<b>3,037</b>	<b>4,180</b>	<b>4,060</b>	<b>4,000</b>	<b>3,866</b>
CDBG (Formula-based grants) <sup>c</sup>	3,711 <sup>b</sup>	2,975	3,936	3,705	3,723	3,593 <sup>d</sup>
Set-asides (see below for details):	61 <sup>b</sup>	62	244	355	277	273
Indian Tribes	60	57	62	62	62	62
Sec. 107 technical assistance	0	3	0	3	3	3

Program	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
Working Capital Fund transfer	2	2	2	2	2	2
Neighborhood Initiative demonstration	0	0	20	40	27	26
Economic Development Initiatives	0	0	160	248	184	180

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Subtotals may not add due to rounding.

- Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.
- The FY2007 year-long CR specified an amount for this account.
- Includes funding for insular areas.
- Does not include \$3 billion in CDBG assistance for Louisiana's Road Home Program authorized as appropriated by an FY2008 continuing resolution (P.L. 110-116).

## CDBG Section 108 Loan Guarantees

The Section 108 loan guarantee program allows states and entitlement communities to leverage their annual CDBG allocation in order to help finance brownfield redevelopment, large scale economic development, and housing projects. CDBG entitlement communities and states are allowed to borrow an amount equal to as much as five times their annual CDBG allocation for qualifying activities. As security against default, states and entitlement communities must pledge their current and future CDBG allocation. The President's FY2008 budget proposal did not include funding for the program. The House-approved bill would have appropriated \$4 million for the account: \$3 million in loan subsidies and \$1 million for administrative costs. The Senate-approved bill would have doubled the commitment for the program to \$6 million, which would have supported \$275 million in loan commitments. The conference agreement would have appropriated \$4.5 million in loan subsidies in support of \$205 million in loan commitments. The Consolidated Act for 2008 appropriates \$4.5 million in support of \$205 million in loan commitments.

**Table 11. CDBG Section 108 Loan Guarantees, FY2007-FY2008**

(in thousands of dollars)

	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
<b>Sec. 108 Loan Guarantees</b>	3,713	0	4,000	6,000	4,500	4,500

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.

## Brownfields Economic Development Initiative

The Brownfields Economic Development Initiative program is a competitive grant program that provides funds to assist cities with the redevelopment of abandoned, idled, and underused industrial and commercial facilities where expansion and redevelopment are burdened by real or potential environmental contamination. The President's budget recommended termination of the program. The House and Senate bills recommended funding for HUD's brownfields program at its FY2007 level of \$10 million. The report accompanying the House bill rejected the Administration's contention that the program is duplicative of programs administered by the Environmental Protection Agency and directed HUD to address the slow expenditure of funds; the Senate report did not include any such statements. The conference agreement would have also appropriated \$10 million for brownfield activities. The Consolidated Appropriations Act of 2008 appropriates \$10 million for Brownfield Redevelopment, which is consistent with the recommendations of the Senate and conference committee.

**Table 12. Brownfields Redevelopment, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Brownfields Redevelopment</b>	9,900	0	9,900	10,000	10,000	10,000

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.

## The HOME Investment Partnership Program

Created in 1990, the HOME Investment Partnership Program provides formula-based block grant funding to states, units of local government, Indian tribes, and insular areas to fund affordable housing initiatives. Eligible activities include acquisition, rehabilitation, and new construction of affordable housing, as well as rental assistance for eligible families. The HOME program account has also been used to fund related programs. The American Dream Downpayment Initiative (ADDI), created in 2003 (P.L. 108-186), funds HOME grantees to provide downpayment, closing cost, and rehabilitation assistance to first-time home buyers. Housing counseling assistance is authorized under Section 106 of the Housing and Urban Development Act of 1968 (P.L. 90-448). HUD provides competitive grants to local housing counseling agencies, intermediaries, and state Housing Finance Agencies to provide several categories of housing counseling, including comprehensive counseling, counseling services that address predatory lending, counseling in conjunction with HUD's Homeownership Voucher Program, counseling services that specifically target colonias (rural communities on the U.S.-Mexico border), and Home Equity Conversion Mortgage counseling.

**Table 13. The HOME Investment Partnership Program, FY2007-FY2008**

(in millions of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>HOME (total)</b>	<b>1,757</b>	<b>1,967</b>	<b>1,764<sup>c</sup></b>	<b>1,970</b>	<b>1,767</b>	<b>1,704</b>
Formula grants <sup>b</sup>	NS	1,903	1,704	1,681	1,686	1,628
American Dream Downpayment Initiative	25	50	0	25 <sup>d</sup>	15	10
HOME/CHDO technical assistance	NS	10	10	10	13	13
Housing counseling assistance	42	<sup>e</sup>	49 <sup>c</sup>	150	50	50
Working capital fund transfer	1	4	1	4	3	3
Foreclosure Mitigation	0	0	0	100 <sup>f</sup>	0	0 <sup>g</sup>
<b>Housing Counseling</b>	<sup>e</sup>	<b>50<sup>e</sup></b>	<sup>e</sup>	<sup>e</sup>	<sup>e</sup>	<sup>e</sup>

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Totals may not add due to rounding.

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law. Amounts not specified in the FY2006 law (even if specified in conference report) are denoted by an "NS."
- b. Includes funding for insular areas.
- c. A floor amendment transferred \$6.76 million from the Inspector General account to the HOME account to be used for housing counseling assistance.
- d. This set-aside was added by an amendment during floor debate.
- e. The FY2008 budget proposed funding Housing Counseling at \$50 million in a separate account. In past years, and as provided in the House and Senate bills as well as the conference agreement, funding for housing counseling has been provided as a set-aside within the HOME program.
- f. This set-aside was added by an amendment during floor debate.
- g. The appropriation for Neighborhood Reinvestment Corporation (Division K, Title III of P.L. 110-161) included \$180 million for foreclosure mitigation counseling.

### Formula Grants

The bulk of the funding increase requested for FY2008 was for formula grants. The Department noted that HOME has consistently received high ratings from the Office of Management and Budget's Program Assessment Rating Tool (PART) analysis. Neither the House nor Senate bills met the President's requested level for formula grants. The House bill did not provide the funding increase requested by the President and would have funded the program at just above the FY2007 level. The total funding level provided by the Senate was higher than the President's request, but the bill directed the increased funding to set-asides rather than formula grants. The conference agreement would have funded formula grants between the House and Senate levels. P.L. 110-161 funds formula grants at \$1,628 million, which is below the House, Senate and conference agreement levels and about 15% below the President's requested level.

### ***American Dream Downpayment Initiative (ADDI)***

For FY2008, the President requested a doubling of ADDI funding. At an average assistance level of \$7,500 per family (according to HUD's Congressional Budget Justifications), \$50 million would be sufficient to serve over 6,600 households. ADDI was scheduled to sunset at the end of FY2007, if it was not otherwise renewed.

The House-passed version of H.R. 3074 would not have funded ADDI in FY2008. The committee report noted that downpayment assistance is an eligible use of HOME formula grant funds. The Senate committee-passed version of the bill did not originally contain funding for ADDI—as in the House, the committee report noted that ADDI was an eligible use of HOME formula grant funds. During Senate floor debate, however, an amendment was approved setting aside \$25 million for ADDI. The conference agreement would have provided \$15 million for the promotion of homeownership through ADDI. P.L. 110-161 funds ADDI at \$10 million, but it does not include an extension of the sunset.

### ***Foreclosure Prevention***

An amendment approved during floor debate on the Senate version of H.R. 3074 would have set aside up to \$100 million for the Secretary to provide, or make contracts with private or non-profit organizations (with a 25% match requirement) to provide, “mitigation assistance to eliminate the default and foreclosure of mortgages of owner-occupied single-family homes that are at risk of such foreclosure.” This funding was not included in the conference agreement, or the final appropriations law (P.L. 110-161). However, the final law did provide an additional appropriation of \$180 million to the Neighborhood Reinvestment Corporation (NRC) to provide grants to state housing finance agencies and counseling agencies approved by HUD or NRC for foreclosure mitigation counseling services.

### ***Housing Counseling Assistance***

Since FY2003, the President has requested that Congress provide funding for housing counseling assistance in a separate account, rather than as a set-aside within the HOME program. Each year, Congress has rejected that proposal and funded the program as a set-aside within HOME. The FY2007 year-long CR funded housing counseling assistance at the FY2006 level, which was a \$42 million set-aside in the HOME program.

In the FY2008 budget, the President requested that Congress fund the program at \$50 million in a separate account. The House bill, as approved in committee, would have funded housing counseling at the FY2007 level as a set-aside within the HOME program. A floor amendment increased the House funding level for housing counseling assistance by transferring \$6.76 million from HUD's Inspector General account to the HOME account. The Senate bill proposed to increase housing counseling funding within the HOME program by 350% over the FY2007 level. The Senate committee report directed that the \$100 million it provided above the President's request be used to serve individuals and families who are currently in foreclosure or are facing the immediate prospect of losing their homes through foreclosure. The Secretary would have been required to advertise the availability of these funds within 60 days of enactment, under the Senate bill.

P.L. 110-161, as proposed in the conference agreement, includes \$50 million for housing counseling as a set-aside within the HOME program.



## Homeless Programs

Homeless Assistance Grants is the blanket title given to the four homeless programs authorized by the McKinney-Vento Homeless Assistance Act (P.L. 100-77) and administered by HUD. Three of the four programs are competitive grants: the Supportive Housing Program (SHP), the Shelter Plus Care program (S+C), and the Section 8 Moderate Rehabilitation Assistance for Single Room Occupancy program (SRO). Funding for the fourth HUD program, the Emergency Shelter Grants program (ESG), is distributed via a formula allocation to states and local communities.

**Table 14. HUD Homeless Programs, FY2007-FY2008**

(in millions of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Homeless Assistance Grants</b>	<b>1,442<sup>b</sup></b>	<b>1,586</b>	<b>1,561</b>	<b>1,586</b>	<b>1,586</b>	<b>1,586</b>
Formula and Competitive Grants	NS	1,551	c	c	c	c
Technical Assistance/Data	12	8	8	8	c	8
Working Capital Fund	1	2	2	2	2	2
Prisoner Re-entry Initiative	0	25	0	0	0	0
Rapid Re-Housing Demonstration Program	0	0	0	25	25	25

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Totals may not add due to rounding.

- Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law. Amounts not specified in the FY2006 law (even if specified in conference report) are denoted by an "NS."
- The FY2007 year-long CR specified a funding amount for this account.
- Amounts not specified.

In the FY2008 Consolidated Appropriations Act (P.L. 110-161), Congress appropriated \$1.586 billion for the Homeless Assistance Grants, an increase of \$144 million above the FY2007 funding level. Prior to enactment of P.L. 110-161, the Senate had proposed the same funding level in its version of the HUD Appropriations Act (H.R. 3074). The House had proposed slightly less in its version of H.R. 3074—\$1.561 billion; however, the conference version of H.R. 3074 (H.Rept. 110-446) recommended the funding level that was ultimately appropriated (\$1.586 billion). The Consolidated Appropriations Act also contains \$25 million for a new demonstration program that was initially proposed in the Senate-passed version of H.R. 3074 and adopted in the conference agreement. The new program is a rapid re-housing program, in which families living in shelters are assisted in finding and maintaining housing through rental assistance and supportive services.

In addition to funds for the Homeless Assistance Grants, the Consolidated Appropriations Act provides \$75 million for Section 8 vouchers for homeless veterans. However, funding for these vouchers will be provided through the Section 8 tenant-based rental assistance account and not through the Homeless Assistance Grants. Approximately 2,000 Section 8 vouchers (called HUD-

VASH vouchers) for homeless veterans were initially provided in the early 1990s through a collaboration between HUD and the Department of Veterans Affairs (VA). However, no new vouchers have been funded since that time. Both the House- and Senate-passed versions of H.R. 3074 also recommended funding for Section 8 vouchers for homeless veterans. The House bill would have provided funding for 1,000 additional vouchers for homeless veterans, if such funding were not needed to serve displaced disabled families. The Senate bill proposed to appropriate \$75 million for an unspecified number of vouchers for homeless veterans. The conference agreement between the House and the Senate (H.Rept. 110-446) adopted the Senate funding level of \$75 million, the same amount that was ultimately appropriated in P.L. 110-161.

The Administration's FY2008 budget recommended the same amount for the Homeless Assistance Grants that was enacted in P.L. 110-161—\$1.586 billion. Of this amount, the President proposed that \$25 million be set aside for a Prisoner Re-Entry Initiative (with funds transferred to the Department of Labor). Neither the House- nor Senate-passed versions of the HUD spending bill (H.R. 3074) nor the Consolidated Appropriations Act contained funds for the Prisoner Re-Entry Initiative. For the sixth year in a row, the Administration's budget also proposed to consolidate the three competitive Homeless Assistance Grants—SHP, S+C, and SRO—into one competitive grant. The proposed consolidated grant would have included up to \$50 million for a Samaritan Housing Initiative, which would provide permanent supportive housing for chronically homeless individuals. This proposal is similar to an incentive currently provided in the Homeless Assistance Grants application process. The House- and Senate-passed versions of H.R. 3074, the conference agreement (H.Rept. 110-446), and the Consolidated Appropriations Act all failed to include the set-aside proposed by the President, nor did they propose to consolidate the competitive grants. However, separate bills in both chambers propose to consolidate the programs. These bills are S. 1518, the Community Partnership to End Homelessness Act, and H.R. 840, the Homeless Emergency Assistance and Rapid Transition to Housing Act. (For more information about these bills, see CRS Report RL33764, *The HUD Homeless Assistance Grants: Distribution of Funds*, by Libby Perl.)

### Self-Help and Assisted Homeownership Opportunity Program

Under the Self-Help Homeownership Opportunity Program (SHOP), HUD makes grants to national and regional organizations and consortia that have experience in providing or facilitating self-help homeownership opportunities. Prospective home buyers and volunteers provide “sweat equity” by contributing labor toward the construction of their homes.

**Table 15. Self Help and Assisted Homeownership, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Self Help and Assisted Opportunity Homeownership</b>	<b>49,390<sup>b</sup></b>	<b>69,700</b>	<b>59,700</b>	<b>70,000</b>	<b>60,000</b>	<b>60,000</b>
Self Help Homeownership (SHOP)	19,800 <sup>b</sup>	39,700	27,710	26,500	26,500	26,500
Capacity Building Comm. Dev. and Affordable Housing <sup>d</sup>	29,590 <sup>b</sup>	30,000	31,000	33,500	33,500	33,500
Housing Assistance Council	0 <sup>c</sup>	0	NS	3,000	0	<sup>f</sup>



	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
National Housing Development Corp.	0 <sup>c</sup>	0	NS	0	0	0
Technical Assistance	0 <sup>c</sup>	0	990	0	0	0
National American Indian Housing Council	0 <sup>c</sup>	0	NS	2,000	0	<sup>g</sup>
Housing Partnership Network	0	0	NS	2,000	0	0
Special Olympics	0 <sup>c</sup>	0	NS	0	0	0
National Council of La Raza	0 <sup>c</sup>	0	NS	3,000	0	<sup>h</sup>

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Some set-asides are not specified (NS) in the appropriations bills or accompanying reports. Subtotals may not add due to rounding.

- a. Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.
- b. The FY2007 year-long CR specified an amount for this account.
- c. The amount specified for the Self Help and Assisted Homeownership account in the year-long CR is not sufficient to fund these accounts; one may assume, in this situation, that they will receive no funding in FY2007.
- d. Includes assistance to National Community Development Initiative, Local Initiative Support Corporation, the Enterprise Foundation, and Habitat for Humanity.
- e. Includes language directing that up to \$5 million of the total amount appropriated be used to support capacity building activities in rural areas.
- f. Funding provided in Neighborhood Initiative account with a funding level of \$3 million.
- g. Funding provided in Neighborhood Initiative account with a funding level of \$1 million.
- h. Funding provided in Neighborhood Initiative account with a funding level of \$1 million.

For FY2008, the Administration proposed \$40 million for the SHOP program and \$30 million for the Capacity Building for Community Development and Affordable Housing, a program that uses the services of four national intermediaries (National Community Development Initiative, Local Initiative Support Corporation, the Enterprise Foundation, and Habitat for Humanity) to develop the capacity of local nonprofit community development corporations to undertake economic and community development and affordable housing projects. The House bill recommended \$10 million less than the amount requested by the Administration and recommended by the Senate for the entire Self Help and Assisted Homeownership account, but \$10 million more than the amount appropriated for FY2007. Within the account, both the House and Senate bills recommended approximately \$12 million and \$13 million less than requested by the Administration for SHOP. Although both bills recommended a slight increase in funding for capacity building activities, the Senate bill specified funding for several programs and entities not funded during FY2007. The entities that would have received no funding under the President's budget include the Housing Assistance Council, Housing Partnership Network, National Council of La Raza, and the National American Indian Housing Council. The House bill and the conference agreement did not specify funding levels for these entities. The conference agreement would have appropriated the same amount recommended by the Senate for the SHOP program (\$26.5 million) and capacity building grants (\$33.5 million). The conference agreement did not specify the distribution of capacity

building funds among the four intermediaries but does require that, of the amount appropriated for capacity building activities, up to \$5 million should be used for activities in rural areas.

The Consolidated Appropriations Act of 2008 made no changes in the recommendations included in the conference report accompanying H.R. 3074. It appropriates \$33.5 million for SHOP activities and \$26.5 million for capacity building, including \$5 million to support capacity building activities in rural areas.

## Housing Programs for the Elderly and Persons with Disabilities

Formerly known together as Housing for Special Populations, the Section 202 housing for the elderly program and the Section 811 housing for persons with disabilities program provide capital grants and ongoing project rental assistance contracts (PRAC) to developers of new subsidized housing for these populations. In addition, the Section 811 program provides vouchers for tenants with disabilities to use in the private housing market. The housing for the elderly appropriation includes funds for the Service Coordinator program and the Assisted Living Conversion program. (For more information on Section 202, see CRS Report RL33508, *Section 202 and Other HUD Rental Housing Programs for Low-Income Elderly Residents*, by Libby Perl.)

**Table 16. Sections 202 and 811, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Housing for the Elderly (202)</b>	<b>734,580</b>	<b>575,000</b>	<b>734,580</b>	<b>735,000</b>	<b>735,000</b>	<b>735,000</b>
New Capital Grants and PRAC	NS	390,450	b	b	b	b
PRAC Renewals and Amendments	NS	62,400	b	b	b	b
Service Coordinators	51,084	71,000	59,400	60,000	60,000	60,000
Grants for Conversion to Assisted Living	24,552	24,750	24,750	24,750	24,750	24,750
Pre-Develop. Grants	19,800	0	20,000	20,000	20,000	20,000
Working Capital Fund	396	1,400	1,980	1,400	1,400	1,400
Leveraging Financing Demonstration	—	25,000	0	0	0	0
<b>Housing for the Disabled (811)</b>	<b>236,610</b>	<b>125,000</b>	<b>236,610</b>	<b>237,000</b>	<b>237,000</b>	<b>237,000</b>
New Capital Grants and PRAC	NS	14,500	145,875	b	b	b
PRAC Renewal and Amendments	NS	20,155	15,000	b	b	b
New Mainstream Vouchers	4,950	0	b	b	b	b
Mainstream Voucher Renewal	77,517	74,745	74,745	74,745	b	74,745
Working Capital Fund	396	600	990	600	600	600

	FY2007 Enacted <sup>a</sup>	FY2008 Request	House	Senate	Conf.	FY2008 Enacted
Leveraging Financing Demonstration	—	15,000	0	0	0	0

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

**Note:** Totals may not add due to rounding.

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law. Amounts not specified in the FY2006 law (even if specified in conference report) are denoted by an "NS."
- b. Amounts not specified.

In the FY2008 Consolidated Appropriations Act (P.L. 110-161), Congress appropriated \$735 million for programs that provide housing and services for elderly households (those with a head of household or spouse age 62 and older). This is slightly more than the funding level in FY2007, which was approximately \$734.6 million. The Senate-passed version of H.R. 3074, as well as the conference agreement (H.Rept. 110-446), also proposed to fund these programs at \$735 million; the House-passed version of H.R. 3074 would have provided the same amount that was appropriated in FY2007. The President's FY2008 budget proposal would have reduced funding for elderly housing programs by almost \$160 million (nearly 29%) from the FY2007 level, to \$575 million. This reduction would have affected new capital grants and project rental assistance in the Section 202 program; HUD estimated that this level of funds for FY2008 would support 3,100 new units of Section 202 housing, down from the estimated 4,994 units for FY2007.

Of the \$735 million appropriated for Section 202 and related programs in P.L. 110-161, \$60 million is appropriated for the Service Coordinator program, the same amount contained in the Senate-passed version of H.R. 3074 as well as the conference agreement, and \$9 million more than the \$51 million that was appropriated in FY2007. The House had proposed \$59 million for service coordinators in its version of H.R. 3074, whereas the President's budget proposed to increase funding to \$71 million. Congress appropriated nearly \$25 million for the Assisted Living Conversion program in P.L. 110-161; the amount is approximately the same as the FY2007 appropriation. Each of the funding proposals leading up to the passage of the Consolidated Appropriations Act—the House-passed version of H.R. 3074, the Senate-passed version of H.R. 3074, the conference agreement, and the President's budget—would have appropriated the same amount for the Assisted Living Conversion program.

The Administration's budget had proposed to allocate \$25 million to a Leveraging Financing Demonstration program for Section 202 housing. Through the program, HUD would work with private sector professionals to increase the use of mixed financing arrangements, such as the Low-Income Housing Tax Credit, to develop Section 202 housing. HUD's goal is that the program would leverage one dollar of outside financing for every dollar of Section 202 funding. Neither the House nor Senate versions of H.R. 3074 recommended funding for the demonstration program. In their reports (H.Rept. 110-238 and S.Rept. 110-131), both Appropriations Committees noted that HUD may already use Section 202 funds in conjunction with other programs to create mixed financing developments. The conference report did not discuss the proposed demonstration program, and the Consolidated Appropriations Act did not contain funds for the program.

The FY2008 Consolidated Appropriations Act provides \$237 million for the Section 811 Housing for Persons with Disabilities program, slightly more than the \$236.6 million that was appropriated

in FY2007. The House- and Senate-passed versions of H.R. 3074, as well as the conference agreement, H.Rept. 110-446, all proposed to fund the Section 811 program at the level eventually appropriated in P.L. 110-161. The President's budget for FY2008, like that for FY2007, had proposed to cut funding for the Section 811 Housing for Persons with Disabilities program nearly in half, from just under \$237 million to \$125 million. None of the five funding recommendations—the President's budget, House- and Senate-passed versions of H.R. 3074, the conference agreement, and P.L. 110-161—specified funds for new Section 811 housing vouchers. However, P.L. 110-161 provides \$30 million for vouchers for non-elderly disabled families through the Section 8 tenant-based rental assistance account.

Like its proposal for the Section 202 program, the Administration's budget for Section 811 would have provided funds (\$15 million) for a Leveraging Financing Demonstration program. Under the proposal, HUD would work with professionals in the private sector to develop mixed financing arrangements for Section 811 projects, using the Low-Income Housing Tax Credit, as well as other funding sources. Congress did not provide funds for this demonstration program.

## Research and Technology

The Office of Policy Development and Research (PD&R) at HUD is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. The Research and Technology account funds PD&R's core research activities. The account was expanded in FY2006 to fund Section 107 University Partnerships, which were previously funded as set-asides within the CDF account. Section 107 grants are awarded to institutions of higher education to assist in building partnerships with the communities in which they are located and to foster and achieve neighborhood development and revitalization. The President requested just over \$65 million for the Research and Technology account for FY2008.

**Table 17. Research and Technology, FY2007-FY2008**

(in millions of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Research and Technology</b>	<b>50<sup>b</sup></b>	<b>65</b>	<b>58<sup>f</sup></b>	<b>61<sup>e</sup></b>	<b>61<sup>f</sup></b>	<b>51</b>
Core Research and Technology	NS	40	30	33	33	23
Partnerships for Advancing Technology in Housing (PATH)	0 <sup>b</sup>	c	5	5	5	5
Section 107 Grants	20	25	22	23 <sup>e</sup>	23	23
<i>Historically Black Colleges &amp;     Universities</i>	9	8	d	9	9	9
<i>Hispanic-Serving Institutions</i>	6	6	d	6	6	6
<i>Community Development     Work Study</i>	0	0	d	0	0	0
<i>Alaskan Native and Native     Hawaiian-Serving Institutions</i>	3	3	d	3	3	3
<i>Tribal Colleges and Universities</i>	3	2	d	5 <sup>e</sup>	5	5
<i>Community Outreach     Partnership</i>	0	6	d	0	0	0

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, and the conference report accompanying H.R. 3074 (H.Rept. 110-446).

**Note:** Totals may not add due to rounding.

- a. Unless noted otherwise, amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law. Amounts not specified in the FY2006 law (even if specified in conference report) are denoted by an "NS."
- b. The FY2007 year-long CR specified an amount for this account.
- c. The President did not request a set-aside amount of funding for PATH, but noted that it remains an eligible activity under Core Research and Technology.
- d. Amount not specified in the bill or accompanying report.
- e. A floor amendment during Senate debate transferred \$2.4 million from the Working Capital Fund to the Research and Technology account to increase funding for Tribal Colleges and Universities.
- f. The House bill included \$1 million for transit oriented development study. The conference agreement included \$500,000 for a study of best practices in transit oriented development.

The House bill recommended approximately \$7 million less than the amount requested by the Administration in total funding for the Research and Technology account. The Senate bill recommended approximately \$3 million less for activities. Both bills would have continued to fund institutions of higher education. The House bill recommended an appropriation of \$22.4 million for such activities, and the Senate bill recommended \$23 million. Unlike the Senate bill, neither the House bill nor its accompanying report specified the amounts to be allocated among the various university-based programs.

Consistent with the recommendations of the Senate, the conference agreement included a total appropriation of \$61 million for Research and Technology, including \$5 million for PATH activities and \$23 million for university-based programs. The conference agreement also included an appropriation of \$500,000 to support an interagency working group composed of representatives from HUD and the Federal Transit Administration. The agreement also would have charged the group with developing a manual identifying best practices to assist local governments in developing mixed-income, transit-oriented developments. Congress did not pass the conference version of H.R. 3074 but instead incorporated these provisions in a consolidated appropriations measure, which was signed by the President on December 26, 2007.

The Consolidated Appropriations Act of 2008, P.L. 110-161, appropriates \$51.4 million for research and technology activities. This includes \$23 million for university-based programs and \$5 million for PATH activities. In addition, \$500,000 of the amount appropriated is to be used to support a joint project by HUD and the Federal Transit Administration that identifies best practices in developing mixed-income, transit-oriented development projects. The remaining funds (\$22.5 million) may be expended for other research and technology activities.

## **Fair Housing**

The Office of Fair Housing and Equal Opportunity enforces the Fair Housing Act and other civil rights laws that make it illegal to discriminate in the sale, rental, or financing of housing on the basis of race, color, religion, sex, national origin, disability, or family status. This is accomplished through the Fair Housing Assistance Program (FHAP) and the Fair Housing Initiatives Program (FHIP). FHAP provides grants to state and local agencies to enforce laws that are substantially equivalent to the federal Fair Housing Act. It provides grants on a non-competitive basis. FHIP provides funds for public and private fair housing groups, as well as state and local agencies, for activities that educate the public and housing industry about the fair housing laws.

**Table 18. Fair Housing Programs, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Fair Housing</b>	<b>45,540</b>	<b>45,000</b>	<b>45,540<sup>b</sup></b>	<b>52,000</b>	<b>50,000</b>	<b>50,000</b>
Fair Housing Assistance	25,750	24,820	24,820	27,000	25,620	25,620
Fair Housing Initiatives	18,800	20,180	20,180	25,000	24,000	24,000
Translations	—	—	—	—	380	380

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.
- b. Amounts do not total; neither the bill nor the committee report indicates how the remaining \$540,000 would be allocated.

The Administration requested \$45 million for the Fair Housing programs during FY2008. This included \$24.8 million for the Fair Housing Assistance program and \$20.2 million for the Fair Housing Initiatives program. The House recommended an increase of \$450,000 above the budget request; the Senate recommended a total funding increase of \$7 million above the budget request. The conference agreement would have provided \$50 million for the Fair Housing programs, including \$25.6 million for Fair Housing Assistance, \$24 million for the Fair Housing Initiatives, and \$380,000 for material and programs to assist persons with limited English proficiency. The Consolidated Appropriations Act of 2008, P.L. 110-161, makes no changes to the amounts in the conference agreement.

## Lead-Based Paint Hazard Reduction

The Office of Lead Hazard Control at HUD administers both the Lead-Based Paint Hazard Control Grant Program and the Healthy Homes Initiative (HHI), designed to reduce the hazards of lead-based paint in homes.

**Table 19. Lead-Based Paint Hazard Control, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Office of Lead Hazard Control</b>	150,000	116,000	130,000	151,000	145,000	145,000

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Amounts shown for FY2007 were not specified in the year-long CR and are therefore assumed to be the same as provided in the FY2006 appropriations law.



The President's budget requested a total of \$116 million for the programs under the Office of Lead Hazard Control. This would be a reduction of \$34 million from the FY2007 appropriation. The House recommended a funding level of \$130 million, while the Senate recommended funding of \$151 million. The conference agreement would have funded the program at \$145 million for FY2008. The Consolidated Appropriations Act of 2008, P.L. 110-161, is the same as the conference agreement.

## Federal Housing Administration (FHA)

The FHA administers a variety of mortgage insurance programs that insure lenders against loss from loan defaults by borrowers. Through FHA insurance, lenders make loans that otherwise may not be available, and enable borrowers to obtain loans for home purchase and home improvement, as well as for the purchase, repair, or construction of apartments, hospitals, and nursing homes. The programs are administered through two program accounts: the Mutual Mortgage Insurance/Cooperative Management Housing Insurance fund account (MMI/CMHI) and the General Insurance/Special Risk Insurance fund account (GI/SRI). The MMI/CMHI fund provides insurance for home mortgages. The GI/SRI fund provides insurance for more risky home mortgages, for multifamily rental housing, and for an assortment of special-purpose loans such as hospitals and nursing homes. (For more information, see CRS Report RS20530, *FHA-Insured Home Loans: An Overview*, by Bruce E. Foote and Katie Jones.)

**Table 20. Federal Housing Administration, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Net Total FHA Appropriations</b>	<b>70,403</b>	<b>516,647</b>	<b>494,759</b>	<b>(80,889)</b>	<b>(80,889)</b>	<b>(80,889)</b>
<b>Net Appropriations, MMI</b>	<b>237,424</b>	<b>428,850</b>	<b>428,850</b>	<b>77,400</b>	<b>77,400</b>	<b>77,400</b>
Total Expenses	413,424	428,850	428,850	77,400 <sup>b</sup>	77,400 <sup>b</sup>	77,400 <sup>b</sup>
Offsetting receipts	(176,000)	0	0	0	0	0
<b>Net Appropriations, GI/SRI</b>	<b>(167,021)</b>	<b>87,797</b>	<b>65,909</b>	<b>(158,289)</b>	<b>(158,289)</b>	<b>(158,289)</b>
Total Expenses	308,979	315,797	315,909	91,711 <sup>b</sup>	91,711 <sup>b</sup>	91,711 <sup>b</sup>
Offsetting receipts	(476,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Move programs to MMI	n/a	22,000	0	0	0	0

**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- Amounts for FHA were not specified in the FY2007 year-long CR. These figures are taken from tables provided by the House Appropriations Committee.
- The Senate bill and the conference agreement change the way that salaries and expenses are funded. In the past, HUD has transferred administrative funds appropriated to FHA and GNMA to other HUD management and administrative salaries accounts. According to the Senate committee report (S.Rept. 110-131), the committee has eliminated such transfers and replaced them with direct appropriations to specific

salaries and expenses accounts within each HUD mission area in order to provide more transparency. As a result, the Senate bill, the conference agreement, and the Consolidated Appropriations Act provide less administrative funding directly to FHA.

Although in past years the MMI fund earned “negative subsidies” by having receipts that exceeded its expenses, that no longer appears to be the case. The President’s budget and the House bill estimated that FHA will require net positive appropriations for FY2008. Because the final appropriations act adopted a proposal included in the Senate bill and conference agreement making changes to the way administrative funding is provided to the FHA account, it estimates that the FHA account would generate a small negative appropriation.

The President’s FY2008 budget proposed to move several accounts from the GI/SRI fund to the MMI fund and included three legislative proposals that were estimated to generate budget savings. The aggregate limit on the number of Home Equity Conversion Mortgages (HECMs) would be removed, and the loan limit for HECMs would be set at 100% of the conforming loan limits rather than vary by area. The National Housing Act would be amended to permit HUD to increase the loan limits on the various multifamily housing programs by up to 170% on an area-by-area basis and by up to 215% on a project-by-project basis. The Ginnie Mae (GNMA) fee for guaranteeing mortgage-backed securities would be increased by six basis points. These three proposals were estimated to generate \$362 million in budget savings; they are not shown in **Table 20**, but are shown as legislative savings in **Table 2** under “Offsetting Receipts/Program Savings.”

P.L. 110-161, like the House bill, Senate bill, and House-Senate conference agreement, includes the President’s proposal to lift the multifamily loan limit, temporarily lifts the cap on HECMs, and rejects the President’s proposals to increase GNMA’s fees and move accounts between the GI/SRI fund and the MMI fund. Congress has estimated that these provisions will generate \$520 million in savings.

## Government National Mortgage Association (Ginnie Mae)

Ginnie Mae is the entity within HUD that guarantees the timely payment of principal and interest on securities backed by mortgages insured or guaranteed by FHA, the Department of Veterans Affairs (VA), or the Rural Housing Service.

For FY2008, the President’s budget requested \$11 million for the administrative expenses of carrying out the mortgage-backed securities program as well as a legislative change that would convert a portion of the GNMA administrative fees that are currently classified as mandatory funding to discretionary funding. The budget also proposed that issuers of Ginnie Mae securities be charged an upfront fee to offset the administrative expense of the program. The House and Senate bills did not include the proposed fee, nor did the conference agreement or P.L. 110-161.

**Table 21. Government National Mortgage Association, FY2007-FY2008**

(in thousands of dollars)

	<b>FY2007 Enacted<sup>a</sup></b>	<b>FY2008 Request</b>	<b>House</b>	<b>Senate</b>	<b>Conf.</b>	<b>FY2008 Enacted</b>
<b>Net Appropriation</b>	<b>(170,000)</b>	<b>(174,000)</b>	<b>(152,300)</b>	<b>(153,470)</b>	<b>(163,000)</b>	<b>(163,000)</b>
Total Expenses	10,700	11,000	10,700	9,530 <sup>c</sup>	d	d
Offsetting Receipts	(181,000)	(185,000) <sup>b</sup>	(163,000)	(163,000)	(163,000)	(163,000)



**Source:** Prepared by CRS on the basis of the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S.Rept. 110-131, funding tables updated for floor action provided by the House and Senate Appropriations Committees, H.Rept. 110-446, and the Consolidated Appropriations Act, 2008 (P.L. 110-161).

- a. Amounts for GNMA were not specified in the FY2007 year-long CR. These figures come from tables provided by the House Appropriations Committee.
- b. Assumes \$22 million in receipts from a legislative proposal to move several single-family programs from the GI/SRI fund to the MMI fund (see **Table 20**).
- c. The Senate bill and the conference change the way that salaries and expenses are funded. In the past, HUD has transferred administrative funds appropriated to FHA and GNMA to other HUD management and administrative salaries accounts. According to the Senate committee report (S.Rept. 110-131), the committee has eliminated such transfers and replaced them with direct appropriations to specific salaries and expenses accounts within each HUD mission area in order to provide more transparency. As a result, the Senate bill and the conference agreement provide less administrative funding directly to GNMA.
- d. The conference agreement and the Consolidated Appropriations Act of 2008 would fund GNMA expenses in the salaries and expenses account at \$8.25 million.

## Office of Federal Housing Enterprise Oversight (OFHEO)

OFHEO is the office within HUD that is responsible for regulating the safety and soundness of Fannie Mae's and Freddie Mac's operations. The appropriations for OFHEO are completely offset by fees collected from Fannie Mae and Freddie Mac. The President's FY2008 budget included a request of \$4 million for a legislative proposal related to HUD's oversight of Fannie Mae and Freddie Mac. It was not included in the House bill, Senate bill, the House-Senate conference agreement, or P.L. 110-161.

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